



*Serving the Iowa Legislature*

# IOWA LEGISLATIVE INTERIM CALENDAR AND BRIEFING

January 3, 2013

2012 Interim No. 9

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- Mental Health and Disability Services Redesign Fiscal Viability Study Committee (12/18/12)
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## January 2013

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Tuesday, January 8, 2012

**Administrative Rules Review Committee**

10:00 a.m. Room 116, Statehouse

Wednesday, January 9, 2013

**Administrative Rules Review Committee**

9:00 a.m., Room 116, Statehouse

Friday, January 11, 2013

**Mental Health and Disability Services Redesign Fiscal Viability Study Committee**

10:00 a.m. (possible time change to 9:30 a.m.), Room 103, Supreme Court Chamber, Statehouse

Monday, January 14, 2013

**Eighty-fifth General Assembly, 2013 Regular Session Convenes**

10:00 a.m., Senate and House of Representatives Chambers

*Iowa Legislative Interim Calendar and Briefing* is published by the Legal Services Division of the Legislative Services Agency (LSA). For additional information, contact: LSA at (515) 281-3566.

# AGENDAS

## INFORMATION REGARDING SCHEDULED MEETINGS

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### **Administrative Rules Review Committee**

Chairperson: Senator Wally Horn

Vice Chairperson: Representative Dawn Pettengill

Location: Room 116, Statehouse

Dates & Times: Tuesday, January 8, 2013, 10:00 a.m., and Wednesday, January 9, 2013, 9:00 a.m.

Contact Persons: Joe Royce, LSA Counsel, (515) 281-3084; Jack Ewing, LSA Counsel, (515) 281-6048.

Agenda: Published in the Iowa Administrative Bulletin:

<https://www.legis.iowa.gov/IowaLaw/AdminCode/bulletinSupplementListing.aspx>

### **Mental Health and Disability Services Redesign Fiscal Viability Study Committee**

Co-Chairperson: Senator Joe Bolkcom

Co-Chairperson: Representative Renee Schulte

Location: Room 103, Supreme Court Chamber, Statehouse

Date & Time: Friday, January 11, 2013, 10:00 a.m. (possible time change to 9:30 a.m.)

Contact Persons: John Pollak, Legal Services, (515) 281-3818; Patty Funaro, Legal Services, (515) 281-3040; Amber DeSmet, Legal Services, (515) 281-3745.

Agenda: Consider followup information from December 18 meeting and any recommendations.

Internet Page: <https://www.legis.iowa.gov/Schedules/committee.aspx?GA=84&CID=849>

### MENTAL HEALTH AND DISABILITY SERVICES REDESIGN FISCAL VIABILITY STUDY COMMITTEE

December 18, 2012

**Co-Chairperson:** Senator Joe Bolkcom

**Co-Chairperson:** Representative Renee Schulte

**Background.** The Mental Health and Disability Services (MH/DS) Redesign Fiscal Viability Study Committee was created by the Legislative Council for the 2012 interim and charged "to analyze the fiscal viability of the mental health and disability services redesign provisions enacted in the 2012 Legislative Session." The committee was authorized to hold two meetings, scheduled for December 18, 2012, and January 11, 2013. At this meeting the committee heard from various workgroups created pursuant to the redesign legislation (2012 Iowa Acts, chapter 1120 (SF 2315)), received reports from the Department of Human Services (DHS), reviewed financial information provided by the Legislative Services Agency (LSA), and heard comments from a panel of county representatives.

**Children's Disability Services Workgroup Final Report.** This workgroup began meeting during the 2011 interim and its chairpersons, Dr. Mark Peltan, clinical psychologist, and Ms. Jennifer Vermeer, Medicaid Director, DHS, made the report. The report recommends statutory creation of a children's cabinet in state government to support the creation of specialized health homes for children with a serious emotional disturbance and co-occurring disorders and expand to developing a comprehensive, coordinated system for all children. The specialized health home approach is consistent with existing pilot projects for children with serious emotional disturbances utilizing "systems of care" approaches. DHS has been working on a Medicaid state plan amendment for the specialized health homes to utilize the special 90/10 funding authorized for health homes under the federal Accountable Care Act (health care reform law).

**Judicial Branch and DHS Workgroup.** This workgroup has met annually beginning with the 2010 Legislative Interim and its co-chair, Mr. David Boyd, State Court Administrator, made the report. The recommendations are summarized as follows:

- Modify the application for involuntary commitment so that it is the same for Iowa Code chapter 125 (substance-related disorders) and Iowa Code chapter 229 (hospitalization of persons with mental illness).
- Require the offer of a precommitment screen before the filing of an application for involuntary commitment for a substance-related disorder or mental illness.
- Sunset the statute for the involuntary commitment process under Iowa Code chapter 222 for persons with an intellectual disability. The use of the process is infrequent since the need is filled primarily through guardianships.
- Modify the Iowa Code chapters for involuntary commitment to reflect community-based services language. Current language references an institutional system.
- Shift responsibility for the statewide Mental Health Advocates Program to become a unit attached to the Department of Inspections and Appeals (DIA).
- Consider assignment of advocates for persons committed for substance-related disorders after the DIA unit is in place.
- Consider assignment of advocates for persons who have been found not guilty of a crime by reason of insanity after the DIA unit is in place.
- Ensure that adequate funding for the workgroup recommendations is provided.
- Implement a system for identifying the beds available in the state for involuntary commitment.
- Provide for regional core services to include justice-involved services of mental health courts with diversion and conditions of sentencing models and a jail diversion program.
- A qualified professional workforce is necessary to provide needed services to persons with mental health and substance-related disorders, both in rural and urban areas of the state.
- Adopt various recommendations of the Judicial Advocates for Persons with Mental Illness, including appointment of advocates based on residence, physician reporting forms, authorization for advocates to attend hearings, and for preferred qualifications of advocates.

**Outcomes and Performance Measures Committee Report.** This committee report was provided by its co-chairs, Mr. Rick Shults, DHS Division Administrator, and Mr. Bob Bacon, University of Iowa Center for Excellence on Disabilities. Mr. Shults also chaired the Service System Data and Statistical Information Workgroup and was able to provide information to both bodies so that the reports are integrated. This workgroup's recommendations are summarized as

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follows:

- DHS should develop an Internet-based dashboard report to demonstrate the performance and effectiveness of Iowa's system.
- Outcomes and performance measures should fall within six domains: Access to Services, Life in the Community, Person-centeredness, Health and Wellness, Quality of Life and Safety, and Family and Natural Supports.
- DHS should use a survey process to collect and evaluate information directly from individuals and families receiving services and from the providers delivering these services.
- DHS should convene a group of experts in survey development and outcomes and performance measurement to design the survey and assist in piloting the tool. The survey should be tested for validity and reliability, and stakeholders should have the opportunity to review the instrument as it is developed.
- DHS should develop a budget that identifies the costs of implementing the outcomes and performance measurement system.
- Only data that will be used should be collected, and DHS should convene a team to identify what information will no longer be collected.
- Outcomes and performance measures should be reflective of the disability populations identified in SF 2315 and address all co-occurring disabilities.
- Future decisions should be based on the information collected from the outcomes and performance measures system.
- Outcomes and performance measures should be evaluated across both Medicaid and non-Medicaid systems.
- Surveys should be conflict-free, meaning individuals and their family members will not be placed in a position to answer questions about outcomes and quality of services from those who directly provide services.

This workgroup will continue meeting in 2014 and the recommendations will be implemented in stages.

**Service System Data and Statistical Information Workgroup.** This workgroup report was presented by its co-chairs, Mr. Shults, Mr. Robin Harlow, Iowa State Association of Counties (ISAC) Technology Manager, and Ms. Kathy Stone, Division Director, Iowa Department of Public Health (DPH). This workgroup's recommendations are summarized as follows:

- Entities within the MH/DS system will not be required to use the same operational/transactional system.
- Operational/transactional systems need to have the capability to exchange information. Information that is exchanged needs to be labeled consistently and have the same definition.
- The central data warehouse should have the capability to match an individual's information from different sources using a unique individual identifier.
- Privacy and security needs to be maintained consistent with defined roles and responsibilities.
- DHS should house and manage the data warehouse and be given guidance from key stakeholders.
- Efforts should be made to integrate the central data warehouse with other electronic data information exchange systems being implemented statewide.
- An organized, coordinated effort among all MH/DS stakeholders should be in place to minimize the cost of operational/transactional systems now and in the future.

In discussion, Representative Miller and others asked for estimates of the cost to implement the workgroup recommendations. Senator Hatch also asked for information about integrating this information system with the Health Information Network being implemented in the state through DPH to include patients' electronic health records.

**Transition Committee Update—Regional Groupings.** The Transition Committee recommendations will not be complete until a final meeting is held on December 20, 2013. During this portion of the meeting, there was a discussion of a map produced by ISAC with the assistance of LSA staff that showed the status of tentative county groupings into regions. Regionalization applications are not due until April 1, 2013.

Several issues were discussed. Some of the counties in the groupings are contiguous at corners rather than having a contiguous border. Director Palmer noted that the department's authority to provide exemptions and waivers for vari-

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*(Mental Health and Disability Services Redesign Fiscal Viability Study Committee continued from Page 4)*

ous regionalization requirements does not extend to the requirement for counties in a region to be contiguous.

Several members expressed concern that while the term "regional administrator" is used in the legislation when assigning responsibilities, similar to that of a department of state government, many legislators thought accountability for the responsibilities would rest with an individual, similar to the role of a department director. Some regional groupings are contemplating having the administrator role being exercised by a committee or as a rotating office among the participating counties. Others discussed what might happen if the voluntary process results in a county becoming isolated due to being surrounded on all sides by counties that are not regionally grouped with that county and noted that the DHS director is authorized to assign a county to a region. Several raised concerns about administrative costs, noting that DHS and LSA are to work together to make a recommendation and that an appropriate dollar amount must be identified in order to identify a percentage amount as a cap.

**DHS Budget Proposal for New Regional Services Fund.** DHS Chief Financial Officer, Ms. Jean Slaybaugh was available to respond to questions. The budget proposal recommends the fund be used in FY 2013-2014 to assist counties with residential support, vocational programs, mental health treatment, and institution and commitment services and in FY 2014-2015 to support regions with financial assistance with required core services, new comprehensive crisis services, and new precommitment services.

**ISAC Panel.** A panel affiliated with ISAC participated in the afternoon discussion. The panel membership included: Ms. Sarah Kaufman, Henry County Central Point of Coordination Administrator (CPC); Mr. Mike Johannsen, Muscatine County CPC; Ms. Deb Schildroth, Story County CPC; Ms. Lisa Rockhill, Lyon/Osceola County CPC; Ms. Linda Langston, Linn County Supervisor; and Mr. Bill Peterson, ISAC Executive Director. Mr. Palmer and Mr. Shults represented DHS in the discussion of the Transition Fund Report and other items involving county and regional finances.

**DHS Transition Fund Report.** The Transition Fund was created in the system redesign legislation. DHS was directed to implement an application process and submit a report with recommendations to the General Assembly and Governor on an amount to be appropriated to the fund for distribution and use in FY 2012-2013 to support the costs of services in current county management plans. DHS identified a list of principles applied in making its recommendations on the 32 county applications received. Part of the financial analysis focused on the amounts of outstanding billings owed by counties to the state for the nonfederal share of Medicaid services funded in previous fiscal years. The principles also assumed a county would use all funding available to pay its obligations for FY 2012-2013 and would begin the succeeding fiscal year with a zero balance. In applying the principles to make recommendations, DHS submitted three scenarios with a dollar value of approximately \$11.6 million, \$3.8 million, and \$1.5 million, respectively. It was noted that the potential funding source for the Transition Fund that was identified by the General Assembly to be available for appropriation is from approximately \$20 million moneys available to the state from the federal Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA).

The panel and committee discussion included the following:

- **Transition Fund Applications.** Counties were directed to apply on the basis of cash accounting and to provide accrual accounting information but were not asked for a specific figure on the amount of Transition Fund moneys thought to be needed.
- **DHS Transition Fund Scenarios.** Several committee members are concerned that the DHS scenarios will result in persons currently covered under county management plans being denied services and want additional information from DHS on the amounts necessary to prevent such denials and implementation of waiting lists.
- **Equity.** Other committee members cautioned that the goal of reaching equity in implementing the regional system redesign could result in denial of services in counties providing services or covering populations not addressed elsewhere.
- **Insufficient Funding.** Several county representatives said their counties cannot pay for both the Medicaid billings and cover current services with the existing amount of money available for FY 2012-2013.
- **Commission Recommendation.** It was noted that the Mental Health and Disability Services Commission formally recommended that the support from the Transition Fund should not be less than the \$11.6 million amount in DHS Scenario One.
- **Financial Information.** Mr. Jess Benson, LSA, distributed a spreadsheet with county levy data, including property valuations, population amounts, current MH/DS levy rates, new maximum rates beginning in FY 2013-2014, and equalization payment levels. In addition, he distributed another map depicting those counties with negative fund

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balances at the close of FY 2011-2012 (18 counties), those that applied for Transition Fund assistance (32 counties), and those that have a current levy rate in excess of the new maximum rate for FY 2013-2014 of \$47.28 per capita (12 counties).

- **New Levy Rates.** Several members raised concerns that the new maximum levy rate may be insufficient to fund necessary services and for expansion to other populations in need of services such as persons with brain injury (BI) or a developmental disability (DD) other than intellectual disability. There was a request for more options to be developed by DHS and others for the next committee meeting.
- **County Budget Deadlines.** County officials explained that due to legal publication deadline requirements, decision making on county budgets must be completed much earlier than the March 15 statutory date, and as early as February 10-20 in areas with only weekly newspapers of record. There is concern among counties that the state will not appropriate the approximately \$28 million needed for equalization payments but this amount will be assumed in the county budget process. Mr. Peterson noted that after the certification date has passed, counties can only amend their budgets to reduce levy rates but not increase them. The county budget dates do not mesh well with the legislative budgeting timelines.
- **Legal Settlement.** On July 1, 2013, the redesign statute provides for a shift in financial responsibility from an approach based upon the legal settlement to one based on a person's residency. A group of county representatives has been meeting to identify and address issues with this shift. One of the panelists raised concerns about areas with a large number of college students who may have mental health needs but are not legal residents.
- **Sheltered Workshops.** Medicaid does not cover this approach for providing employment for persons with disabilities. There was concern expressed that the Medicaid rates to reimburse supported employment are not adequate to cover provider costs.

**Public Comment.** Several members of the public offered comments, including the following:

- Ms. Rhonda Shouse, a parent of a child with a disability, emphasized the importance of audio streaming the committee deliberations on the Internet and involving the family members of persons with a disability in the decision making on services.
- Mr. Lynn Ferrell, Polk County Health Services, expressed concerns about the DHS Transition Fund assumptions that counties would need to spend down their fund balance to zero by the close of FY 2012-2013, noting that this would result in delays of provider payments in the succeeding fiscal year of at least three months. He also expressed concern that Polk County be able to continue coverage of adults with DD and of children with mental health issues.
- Ms. Threase Harms, representing Easter Seals and the Brain Injury Association of Iowa, encouraged the committee to ensure full funding of the Transition Fund needs and to consider the needs of persons with DD or BI for coverage.
- Ms. Teresa Bomhoff, Iowa Alliance for the Mentally Ill and the Mental Health Planning Council, offered a number of suggestions regarding the Transition Fund, expressing concerns about the adequacy of funding for regions.

**Next Meeting.** The second and final committee meeting is scheduled for Friday, January 11, 2013.

**LSA Staff:** John Pollak, Legal Services, (515) 281-3818; Patty Funaro, Legal Services, (515) 281-3040; Amber DeSmet, Legal Services, (515) 281-3745.

Internet Page: <https://www.legis.iowa.gov/Schedules/committee.aspx?GA=84&CID=849>

## ELECTRONIC COMMERCE STUDY COMMITTEE

December 21, 2012

**Co-Chairperson:** Senator Matt McCoy

**Co-Chairperson:** Representative Chuck Soderberg

**Background.** The Electronic Commerce Study Committee was authorized by the Legislative Council for one meeting day during the 2012 Legislative Interim. The committee's charge is to collect information from stakeholders relating to the collection of sales and use taxes from local and Internet-based retailers (known as "E-fairness") and the collection of electronic payment transaction interchange fees (known as "swipe fees").

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**Overview.** The primary focus of the meeting included an overview of federal and state perspectives regarding state taxation of Internet sales transactions and banking interchange fees, and obtaining input on these issues from various state departments, agencies, and banking and retail industry representatives.

**Internet Sales Taxation—National Conference of State Legislatures (NCSL).** Mr. Max Behlke, Manager of State-Federal Relations, NCSL, provided an overview of the issue of online sales taxes from both a state and federal perspective. Mr. Behlke cited United States Supreme Court rulings holding that states cannot force out-of-state retailers to collect sales tax owed by consumers for catalog or Internet sales transactions, with the rationale that it would place an undue burden on interstate commerce. He indicated that this puts local businesses at a disadvantage which will only increase with the continued expansion of electronic commerce. He identified and reviewed several options for states seeking to increase electronic commerce sales and use tax revenue, including becoming a member of the Streamlined Sales Tax and Use Agreement, passing an affiliate nexus or "Amazon law", enacting notice laws that require a remote vendor to provide information about taxes to buyers, urging Congress to pass legislation that would give states remote tax collection authority, and entering into tax collection agreements on an individual basis with specified large-scale, Internet retailers. Mr. Behlke additionally summarized federal legislation designed to confer sales and use tax collection authority on the states, including the Main Street Fairness Act, the Marketplace Equity Act, and the Marketplace Fairness Act. He indicated that sponsors in both chambers of Congress have made the legislation a priority.

**Electronic Payment Transaction Interchange Fees—NCSL.** Ms. Heather Morton, Program Principal, Fiscal Affairs, NCSL, provided a corresponding federal and state overview relating to the issue of electronic payment transaction interchange fees. Ms. Morton described how an interchange fee is deducted and distributed between or among a financial institution issuing a credit card, a merchant's financial institution, and the credit card network processing a sales transaction. She discussed the impact of Section 1075 of the federal Dodd-Frank Act (the so-called Durbin Amendment) on debit card interchange transaction fees and identified exemptions to the amendment's provisions (most notably any issuers having assets of less than \$10 billion). Ms. Morton additionally discussed interchange fee legislative activity at the state level, indicating that between 2005 and 2012 a total of 122 bills and resolutions have been introduced addressing one or more issues involving interchange fees. Of this total, she stated that 10 resolutions and three bills have ultimately been enacted. Ms. Morton also identified states which have introduced legislation relating to exempting sales and use taxes from interchange fee calculations, similar to legislation introduced in Iowa during the 2012 Legislative Session.

**Iowa Department of Revenue.** Ms. Victoria Daniels, Administrator of Tax Policy and Communications, Iowa Department of Revenue (DOR), and Dr. Amy Harris, Manager, Tax Research and Policy Analysis Section, DOR, provided information from the department's perspective regarding the Internet sales taxation issue. Ms. Daniels reiterated some of the NCSL overview regarding the impact of Supreme Court rulings on state Internet sales and use tax collection, and clarified and recast figures previously supplied during that overview relative to uncollected use tax from remote sales and streamlined sales tax member state collection totals for the state of Iowa. She indicated that the department supports federal legislative efforts and is working to develop the appropriate infrastructure and coordinate the necessary parties to be involved in implementation in the event the legislation was enacted. Ms. Daniels additionally commented on the significant potential impact of the legislation both from a revenue generation and retailer and consumer education standpoint.

**Iowa Division of Banking.** Mr. James Schipper, Superintendent of Banking, stated that the division has no position as a regulator regarding the legislation introduced during the 2012 Legislative Session exempting sales and use tax from interchange fee calculations. He indicated, however, that the legislation would impose new requirements on banks, that the state of Iowa has approximately 300 state-chartered banks which range from small to very small in size, and that a disproportionate burden is placed on such banks when new regulatory requirements are imposed. He additionally stated that federal preemption of state regulatory requirements is well-established when a new state law or regulation is determined to be more burdensome than a federal standard. This could result, he indicated, in the inapplicability of the legislation to federally chartered banks doing business in the state.

**Office of the Attorney General.** Mr. Bill Brauch, Director of the Consumer Protection Division, accompanied by Ms. Jessica Whitney, Assistant Attorney General, reiterated Mr. Schipper's comments regarding the likelihood of federal preemption, stating that experience with litigation where similar federal-state regulatory issues have arisen has strongly favored such preemption and that this would result in the legislation being limited to state-chartered institutions.

**Iowa Bankers Association.**

- Mr. Steve Rauchenberger, representing the Electronic Payment Coalition, described the complexity and competi-

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tiveness of the national payment card system. He indicated that the system is popular with consumers, incorporates consumer safeguards, is heavily scrutinized, and well-regulated on the national level.

- Ms. Sharon Presnell, Senior Vice President, Iowa Bankers Association, repeated the assertion that the proposed 2012 Iowa legislation would likely apply strictly to state-chartered banks, and identified several issues which she contended would prove burdensome to such banks, and to retailers and their customers, if the legislation were to be enacted. Specifically, she stated that currently the necessary infrastructure to exempt sales and use taxes from interchange fee calculation does not exist and would have to be created at a high cost to merchants, processors, networks, and financial institutions. Additionally, a financial institution would bear the credit risk for the entire transaction, including the tax portion, merchants would need specialized terminals and software to itemize and communicate segmented data, and consumers could face paying two separate transactions per sale—one for the product or service and another for the tax portion. Ms. Presnell further distributed a schematic regarding how payment card transactions are processed, the variables underlying the cost to merchants of accepting credit and debit cards, and the benefits derived by them from doing so.

### **Community Bankers of Iowa.**

- Mr. Mike Hollinger, President and Chief Executive Officer, Shazam, Inc., identified and described the various parties involved in the operation of the payment card network, and stated that while the network is highly specialized and complex, it has a relatively narrow set of payment processing rules facilitating the network's efficient operation. He agreed with prior presenters that the proposed legislation would be at odds with the national payment card processing system and would require infrastructure to facilitate it, which does not currently exist.
- Mr. Don Hole, Executive Vice President and Chief Executive Officer, Community Bankers of Iowa, stated that establishing a precedent of determining payment system costs based upon the type of payment is ill-advised. He emphasized that the payment system is based on universal acceptance, guarantee and settlement without respect to transaction type, and expressed concern that designating that certain types of payments must be handled in a unique way increases costs to the financial institution and consumer, and has the potential to extend to other types of transactions beyond sales tax.

### **Iowa Credit Union League.**

- Mr. Jeff Russell, The Member Group, cited as concerns posed by the proposed interchange fee legislation expensive implementation costs and significantly increased consumer and retailer confusion regarding separating sales transaction components and interchange fee calculation.
- Mr. Justin Hupfer, Vice President of Government Affairs, Iowa Credit Union League, stated that the appropriate venue for any legislation relating to the regulation or calculation of interchange fees is at the federal level, and that the bills which have been proposed evidence Congressional intent to exempt small entities and are focused on debit versus credit card transactions. He additionally noted that interchange fees are in part designed to help cover some of the financial institution's liability for fraudulent credit card transactions, and that excluding a portion of that transaction is inconsistent with how the electronic payment system is designed to operate. He expressed support for legislation introduced in other states establishing standards relating to how long electronic data can be stored following the processing of a sales transaction, and prescribing merchant liability to financial institutions in the event the standards are not abided by.

### **Panel Presentation—Retail Community.**

- Mr. Jim Henter, President, Iowa Retail Federation, characterized interchange fees as a hidden expense negatively impacting consumers and business owners. He estimated that Iowa retailers incurred in excess of \$30 million in interchange fees based on retail sales tax collections of almost \$2 billion in 2011, and suggested that retention of these amounts by retailers would have had a positive economic impact and stimulated job creation. Mr. Henter disputed the contention that an appropriate infrastructure to facilitate implementation of the legislation could not be readily created, and noted that governmental entities have the ability to impose a surcharge to cover electronic payment processing costs, which is not available to retailers.
- Mr. Craig Walter, Executive Vice President, Iowa Lodging Association, identified interchange fees as a significant cost of doing business for the lodging industry, which collects both sales and use tax and local option sales taxes for a combined 12 percent tax rate. He echoed Mr. Henter's comments regarding the positive economic impact and business expansion opportunities which would be facilitated by implementation of the legislation.
- Mr. Will Rogers, Director of Governmental Affairs, Iowa/Nebraska Farm Equipment Dealers Association, estimated



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that association members incurred a minimum of \$500,000 in interchange fees annually based on sales tax collections, and agreed with the previously expressed support for reinvestment of the money paid in fees in business expansion opportunities.

- Ms. Jessica Dunker, President and Chief Executive Officer, Iowa Restaurant Association, characterized her members as not only acting as the state's tax collectors, but also incurring an expense for doing so based on the current interchange fee calculation structure. She estimated that the average restaurant incurs more than \$1,100 in interchange fees charged on sales tax, which could be redirected to cover the cost of food for a full day of operation, new equipment, and employee salaries, and that the cumulative financial impact on Iowa's hospitality industry amounts to nearly \$4 million annually. She stated that enacting the proposed legislation would evidence a significant intent that the state is seeking creative solutions to fuel economic growth and investment in retail businesses.
- Mr. Gray Taylor, Executive Director, Petroleum Convenience Alliance for Technology Standards, stated that convenience stores can be characterized in general as selling the most heavily taxed items and that the impact of interchange fee imposition on the sales and use tax portion of their retail sales is in the multiple millions of dollars. Mr. Taylor provided a handout depicting a financial snapshot of the convenience and petroleum store industry, the extent to which it constitutes a key source of tax revenue, and interchange fee cost breakdowns. He said the issue of interchange fee imposition and calculation is not fundamentally a banking issue, but rather determined by Visa and MasterCard.

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Internet Page: <https://www.legis.iowa.gov/Schedules/committee.aspx?GA=84&CID=850>